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Global crisis in three bands: Energy, food, climate. And wars

Another Davos Economic Forum has just taken place, with pure rhetoric and a lot of media show, but without concrete proposals to solve the disorder of the current world system, where several crises are intertwined in one.

February, 2023



Nothing new in Davos. What are the IMF and the World Bank preparing for October? *Cooperation in a fragmented world* – the motto of the Forum held in the second half of January – remained only as an advertising slogan since it prefers not to confront the root causes of the crisis because it does not seem willing to rectify this planetary labyrinth with no way out, in this current context, for the whole of humanity.

The clock of international economic power now marks a new appointment: from October 9 to 15 this year in Marrakech, Morocco, where many of those who attended Davos will meet again at the Annual Meeting of the World Bank and the International Monetary Fund. The signs of the invitation to Marrakesh on the part of these two multilateral organizations anticipate continuity and no change.

The first alternative voices begin to raise the tone. The Committee for the Cancellation of Illegitimate Debts (CADTM) anticipated in the last hours that it will convene with other organizations, such as ATTAC Morocco, a World Counter-Summit of Social Movements for that same date.



The CADTM points out that the International Monetary Fund (IMF) signed credit agreements with a hundred governments in the last three years, and that in each of them it demands the continuation of neoliberal policies. At the same time, he denounces that a new debt crisis is developing. "It is time to react," says the Brussels-based committee, after defining the current situation as one of a "multifaceted crisis" that has affected the world since 2020.

Polycrisis

A CT scan of the current global reality shows that one-third of total energy demand is tied to food production. Therefore, any increase in the price of energy has a direct impact on the price of food. This relationship is particularly obvious when it comes to fossil fuels – oil, coal, natural gas – used in large quantities in crops, food processing, packaging, transportation and retail.



Climate crisis together with the energy crisis and the impact on the prices of the alimentos_ Explosive Iron of the world POLYCRISIS. Photo PAM

This diagnosis is part of the conclusions reached by the international non-governmental organization *Grain* (*Grano*, in Spanish), which for 33 years has been working at the service of rural social movements in their struggles for food systems based on biodiversity and controlled by the community.

According to a *Grain* publication from November last year, the relationship between food and energy has a greater impact on highly mechanized production, predominant in Europe, North America and some regions of Latin America. In these regions, the amount of energy needed to produce, for example, a ton of cereal, is almost 2.5 times greater than in smallholdings in the countries of the South. In real terms, America's industrialized food system consumes energy equivalent to the total energy expenditure of India or all African nations combined.



Local crops are presented as alternatives to food transnationals _ Quinoa cultivation in an Andean region. Photo FAO.

In this global radiography, another interesting fact stands out: organic agriculture is much more efficient (at the level of energy use) than industrial agriculture. In January 2021, the *International Journal of Agriculture Technology* published a study on rice production in the Philippines. In this specific case, organic agriculture was 63% more efficient, in terms of energy use, and with similar yields.

The European food system is equally dependent on fossil fuels. Hence the significant impact of the Russia-Ukraine war both on energy supply and on the corresponding increase in the price of foodstuffs, given that a quarter of all energy consumed on the continent goes to that sector.

A subsidiary problem no less central at this juncture: to compensate for the significant reduction in energy that it usually imported from Russia, Europe is sourcing from Asian countries. For example, it buys coal from Indonesia and gas from Malaysia, which results in increased costs for local communities in those supplying nations. Likewise, communities in Pakistan and Bangladesh are suffering gas cuts because much of their production is diverted to Europe.

It is also known the direct impact of armed conflicts (military crises) on the increase of conditions of social degradation. According to *the NGO Action Against Hunger*, 60% of people suffering from this scourge live in countries at war.



War conflicts conspire against planetary stability regardless of the continent where they occur. Photo Help in Action

All this situation aggravates the environmental crisis on a planet that is heading for an increase in its temperature of 2.5°C by the year 2100. Increased fossil fuel production will further accelerate the climate crisis, which, in turn, will put further pressure on global food production. Excessive warming is already wreaking havoc on food production due to droughts, floods, storms and very high temperatures that make rural work in the open field unbearable at certain times of the year.

Grain concludes by stating that the energy or food crisis cannot be solved with measures that worsen the climate crisis: "These three crises are closely connected and overlapping." Finding a way out of this "polycrisis", *Grain* emphasizes, requires a profound transformation of the way energy and food are produced and distributed, with actions that directly question the control of the large transnationals, mainly responsible for this "planetary disaster". At the level of argument, the NGO recalls the *tweet* last November of Robert Reich, former Secretary of Labor of the United States: "*A message to the media: please do not report that inflation reached a 40-year high without also mentioning that corporate profits reached a 70-year high. You have to show the whole picture.*"

Voracious, as always

Large transnationals are taking advantage of the crisis, increasing the prices of their products disproportionately, causing and profiting from inflationary increases and obtaining stratospheric profit margins, *says Grain*.

In the case of the United States, for example, experts note that while corporate profits explain 11% of the price increase from 1979 to 2019, they can in no way justify the current excessive increase of 53.9%. In particular, in the food sector, including supermarket chains and restaurants. In Canada, the government launched an official

investigation into this explosion of profits, while in Europe and Australia several entrepreneurs, as well as numerous media outlets, acknowledge that the recent price escalation is unjustified.



The law of the richest. Oxfam Report 2013

In its report *The Law of the Richest*, which Oxfam International published in mid-January, simultaneously with the opening of the Davos Forum, the organization agrees with *Grain's* global description of a grim global picture and his conclusion that "the world is going through an unprecedented time, marked by the accumulation of multiple crises." And he puts the cursor of his analysis on the problem of hunger ().

Wealth taxes and income redistribution

Oxfam says hundreds of millions more face unsustainable increases in the cost of basic goods or the energy needed to heat their homes. Climate breakdown is crippling the economy of some regions, and extreme weather events are forcing scores of people around the world from their homes. It also recalls that millions of human beings continue to suffer from the corollaries of the COVID-19 pandemic, which has already claimed more than 20 million lives. Poverty has increased for the first time in 25 years, stresses this international NGO, while the ultra-rich see their wealth grow dramatically and corporate profits reach record levels, which causes social inequality to skyrocket even more.



The facts speak for themselves. Since 2020, the richest 1% have accounted for almost two-thirds of the new wealth generated in the world: almost double what is distributed among the remaining 99%.

Every day, the fortunes of billionaires increase by \$2.700 billion, while the wages of some 1.700 billion workers grow poorly, even below what inflation rises.

By 2022, energy and food companies more than doubled their profits and distributed \$257 billion in dividends to their shareholders, while more than 000 million people went hungry.

Oxfam notes that for every dollar collected in taxes globally, only 4 cents come from wealth taxes. On the other hand, half of the world's billionaires live in countries where there is no tax on the wealth inherited by their descendants.

Oxfam is proposing a wealth tax of up to 5% for billionaires and billionaires. This would raise \$1.7 trillion annually, an amount that would ensure that 2 billion people are lifted out of poverty, as well as financing a global plan to end hunger.

Grain, which agrees with the proposal to tax large fortunes, insists on the need to prioritize energy conservation. Similarly, continue to stimulate the reduction of food waste, which currently causes 8% of global climate emissions. And also decrease consumption where it makes sense (meat, dairy, ultra-processed foods) and invest more in community-based food models. *Grain* also proposes shutting down the fossil fuel industry and winning public support to promote collective and local food systems. "This means supporting small-scale producers and local markets, while dismantling the power and profits of the corporate food chain."



Local

production is a premise for food sovereignty. Photo Caritas International
Sergio Ferrari from Bern, Switzerland, for La Pluma, February 12, 2023
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